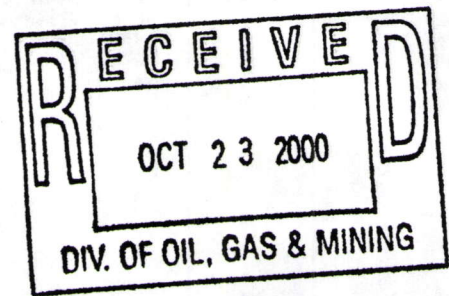


Surface Examination Report

Filed Files:

ML 26068
ML 26068-A
ML 42750
ML 42750-A
ML 43395
ML 44287
ML 46229

Report Date: September 26, 2000



*See file 5/027/012
for original photos*

Date of Inspection: September 21, 2000

Persons Present: William Stokes, Trust Lands Administration

Conditions: Excellent

Lands: Section 2, T. 17 S., R. 13 W., SLB&M, Millard County Utah, All Gemstone/Fossil
Leases in Section 2, See accompanying map depicting leased lands.

On September 21, 2000, a surface examination was conducted on lands encompassed by the above referenced leases in order to document the current surface conditions and the approximate amount of surface disturbance attributed to each Gemstone/Fossil lessee. The inspection is documented with captioned photograph of the various features discussed in this report. Areas of mine related disturbances as well as location of main roads and other features of interest were determined by a GPS survey, the results of which are included as GIS generated maps on a topographic overlay for each lease area. Some features are estimated as data logging on the GPS data recorder was prematurely interrupted by battery depletion. As recommended by the Division of Oil, Gas and Mining the estimated cost for reclamation of disturbed lands on the subject leases is \$2,500.00 per acre.

ML 26068 encompasses the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 and is currently held by Robert L. Harris. The GPS generated map, titled Fossil Lease ML26068, shows two mined areas that fall entirely within the NE $\frac{1}{4}$ SE $\frac{1}{4}$ and portions of two other mined area, one on the north boundary and one on the south boundary of the NE $\frac{1}{4}$ SE $\frac{1}{4}$. Also entirely within the boundaries of this quarter/quarter is an area of .23 acres, that has been graded but vegetative cover is minimal. The map identifies these areas in more detail. Surface disturbance of the two mined areas that fall entirely within the boundaries of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ are .96 acres and 1.33 acres. The mined area on the north boundary of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ is part of a larger area of disturbance half of which falls in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ which is held under lease ML 42750-A by Todd Harris. The total disturbed area on the north boundary of the NE $\frac{1}{4}$ SE $\frac{1}{4}$, including that portion which falls in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ is 1.86 acres. One half of this northern disturbance, approximately .93 acres, falls within the boundaries of lease ML 26068. One quarter of the disturbance on the south line of ML 26068 or approximately .15 acres falls within the boundaries on ML 26068 - the remaining three quarters, .44 acres of this disturbance falls within the boundaries of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 held under lease ML 26068-A by Loy Crapo (U-Dig). Total area of disturbance within the boundaries of ML 26068, NE $\frac{1}{4}$ SE $\frac{1}{4}$ is 3.37 acres. If the unvegetated-graded area as depicted in photograph # 1 is included as unreclaimed the total disturbed area is 3.6 acres. Currently the lessee Mr. Bob Harris has

posted with the Trust Lands Administration a reclamation bond, in the form of a certificate of deposit, bond # 2050913, issued by First Security Bank, in the amount of \$ 5,000.00. Taking into consideration that reclamation of surface disturbances consists merely of backfilling against high walls, contouring and seeding, it is estimated that reclamation costs are approximately \$2,500.00 per acre. At the present time the lessee is not adequately bonded for all disturbances that fall within the leased lands of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2. Accompanying this report are captioned photographs #'s 1 - 5 which depict the present surface conditions on lease ML 26068.

ML 26068-A encompasses the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 and is currently held by Loy Crapo who operates the commercial U-Dug Trilobite collecting concession on the leased lands. The map labeled Fossil Lease ML 26068-A shows the detailed results of the GPS survey of mine related disturbances and improvements on this lease. As mentioned under the discussion of ML 26068 approximately three quarters, or .44 acres of a .59 acre mined area on the north boundary of ML 26069-A falls within the boundaries of ML 26068-A. The main quarry site of the U-Dig operation covers approximately 3.46 acres. The GPS survey of the large mined area on ML 26068-A is not entirely accurate as battery failure on the GPS data collector inaccurately closed the survey from the point of battery failure to the point of beginning. The area shown on the lease map which is depicted with red vertical lines is an estimate of the remaining disturbed area that was not captured by the GPS survey. There is approximately a total of 3.9 acres of mine related disturbance on the lands encompassed by lease ML 26068-A. Currently the lessee, Mr. Loy Crapo, has posted with the Trust Lands Administration a reclamation bond, in the form of a certificate of deposit, bond # 2050906, issued by First Security Bank, in the amount of \$ 5,000.00. Taking into consideration that reclamation of surface disturbances consists merely of backfilling against high-walls, contouring and seeding, it is estimated that reclamation costs are approximately \$2,500.00 per acre. At the present time the lessee is not adequately bonded for all disturbances that fall within the leased lands of the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2. Accompanying this report are captioned photographs #'s 6 thru 9, which depict the present surface conditions on lease ML 26068-A.

ML 42750 encompasses the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 and is currently held by Robert Drachuk. The map labeled Fossil Lease ML 42750 shows the detailed results of the GPS survey of the mine related disturbances associated with this lease. There are four areas of disturbance on ML 42750. The northern most area of disturbance is a recent trench, a small portion of which overlaps onto the adjacent lease to the east, ML 42750-A which is held by Todd Harris. This trench may have been dug by Todd Harris as an extension to his operations on ML 42750-A, nevertheless, the trench which consists of .21 acres of disturbance, falls within the boundaries of ML 42750. Along the boundary line between the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ SE $\frac{1}{4}$ is another recent excavation that encompasses .22 acres of disturbance. The largest of the quarries on ML 42750 is in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2, encompassing 1.05 acres. There are some additional disturbances south of the largest quarry that were not surveyed with the GPS - these disturbances are estimated to encompass approximately .25 acres. There is approximately a total of 1.73 acres of disturbance associated with quarrying activity on ML 42750. Currently the lessee, Mr. Robert Drachuk, has posted with the Trust Lands Administration a reclamation bond, in the form of a certificate of deposit, bond # 30S100753026, issued by First Security Bank, in the amount of \$ 5, 000.00. At the present time the lessee is adequately bonded for all

disturbances that fall within the leased lands encompassed by ML 42750. Accompanying this report are captioned photographs #'s 10 thru 14, which depict the present surface conditions on the leased lands.

ML 42750-A encompasses the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2 and was assigned to Todd Harris and Marlow Cropper out of ML 42750 by Robert Drachuk. The map labeled Fossil Lease ML 42750-A shows the detailed results of the GPS survey of the mine related disturbances associated with this lease. There is only one excavation on ML 42750-A which, in its entirety, encompasses 1.86 acres. Half of this disturbance, .93 acres, falls within the boundaries of ML 42750-A. Presently the lessee, Marlow Cropper, has posted with the Trust Lands Administration a reclamation bond, in the form of a certificate of deposit, certificate # 058-909007, issued by Zions Bank, in the amount of \$2,500.00. At this time the lessees are adequately bonded for all disturbances that fall within the lease lands encompassed by ML 42750-A. Accompanying this report are captioned photographs #'s 15 thru 17, which depict the present surface conditions on the leased lands.

ML 43395 encompasses the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 which is presently under lease to Rex Harris. The map labeled Fossil Lease ML 43395 shows the detailed results of the GPS survey of the mine related disturbances associated with this lease. There is only one large excavation on ML 43395 which comprises 1.61 acres. A portion of the 1.61 acres, approximately .75 acres, has been graded but does not appear to be seeded. The graded area is shown in blue on the GPS map for this lease. With .75 acres graded the active mine area encompasses .86 acres. The access road which was created to access the excavation site is approximately 663 feet long and 8 feet wide and encompassed approximately .12 acres. Total surface disturbance on ML 43395, including the graded area is 1.73 acres. Presently the lessee, Rex Harris has posted with the Trust Lands Administration two reclamation bonds in the form of certificates of deposit, certificates #'s 323467 and 058-908632, both issued by Zions Bank and both in the amount of \$ 5,000.00 for a total of \$ 10,000.00 bonding. At this time the lessee is adequately bonded for all disturbances that fall within the lands encompassed by ML 43395. Accompanying this report are captioned photographs #'s 18 thru 20, which depict the present surface conditions on the leased lands.

ML 44287 encompasses the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2 which is presently under lease to Conrad Pugh. The map labeled Fossil Lease ML 44287 shows a detail of the present surface disturbance on the leased lands. The lessee conducted exploration trenching on the leased lands which created a surface disturbance of approximately 125 feet by 8 feet, or .02 acres. Presently the lessee has posted with the Trust Lands Administration a reclamation bond, in the form of a cash deposit, in the amount of \$2,500.00. At this time the lessee is adequately bonded for all disturbances that fall within the lands encompassed by ML 44287. Accompanying this report is captioned photograph # 21, which depict the present surface conditions on the leased lands.

ML 46229 and SULA 1033 encompass the same land in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 and both the lease and Special Use Lease Agreement are held by Shayne Crapo. There has been mine related development on fossil lease ML 46229. SULA was issued to Mr. Crapo for use of the surface as a place for U-Dig (ML 26068) clients to park. A small area appears to have been used for parking on the leased lands but the surface impact is minimal.

The Following summarizes surface disturbance and bonding status of each lease hold in Section 2, T. 17 S., R. 13 W.

Lease #	Land	Lessee	Disturbance	Bond*	Comment
ML 26068	NE¼SE¼	Robert Harris	3.6 Acres	\$5,000.00	\$5,000.00 additional bond required
ML 26068-A	SE¼SE¼	Loy Crapo	3.9 Acres	\$5,000.00	\$5,000.00 additional bond required
ML 42750	SW¼NE¼, NW¼SE¼	Robert Drachuk	1.73 Acres	\$5,000.00	Bonding adequate - near limit
ML 42750-A	SE¼NE¼	Todd Harris et al	.93 Acres	\$2,500.00	Bonding adequate - near limit
ML 43395	NE¼NW¼	Rex Harris	1.73 Acres	\$10,000.00	Bonding adequate
ML 44287	SE¼NW¼	Conrad Pugh	.02 Acres	\$ 2,500.00	Bonding adequate
ML 46229	SW¼SE¼	Shayne Crapo	None	None	Bonding not required
SULA 1033	SW¼SE¼	Shayne Crapo	None	None	Bonding not required

* Reclamation costs as determined by DOGM is approximately \$2,500.00 per acre.

Prepared by William M. Stokes
Minerals Resource Specialist
School and Institutional Trust Lands Administration

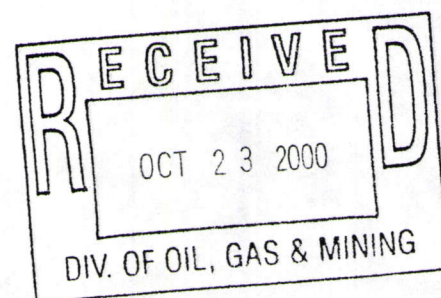


Photo Point 2

Photo Point 3

Trench, No GPS
Approx. 125' x 8'

Photo Point

70482

2

Fossil Lease ML 44287
Lessee: Conrad Pugh
SE $\frac{1}{4}$ NW $\frac{1}{4}$, Section 2
Inspection 9-21-00

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Photo # 1, Looking northeast onto the .23 acre graded area in the south-center of the NE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 - ML 26068. Note that there is no vegetative cover.



Photo # 2, Looking northwest from the southeast side line of the 1.33 acre mined area on lease ML 26068. The arrow indicates the location of the graded area as shown in photo # 1.



Photo. # 3, Looking south from the north edge of the .96 acre mined area on lease ML 26068. Arrow 1 shows the location of the Loy Crapo, U-Dug quarry on ML 26068-A. Arrow 2 shows the photo position at the south end of the .96 acre mined area.



Photo. 4, Looking south from the photo point that is in the center of the 1.86 acre mined area, on the north boundary line of ML 26068. This photo shows the south half of the 1.86 acres mined area which falls within the boundary of ML 26068.

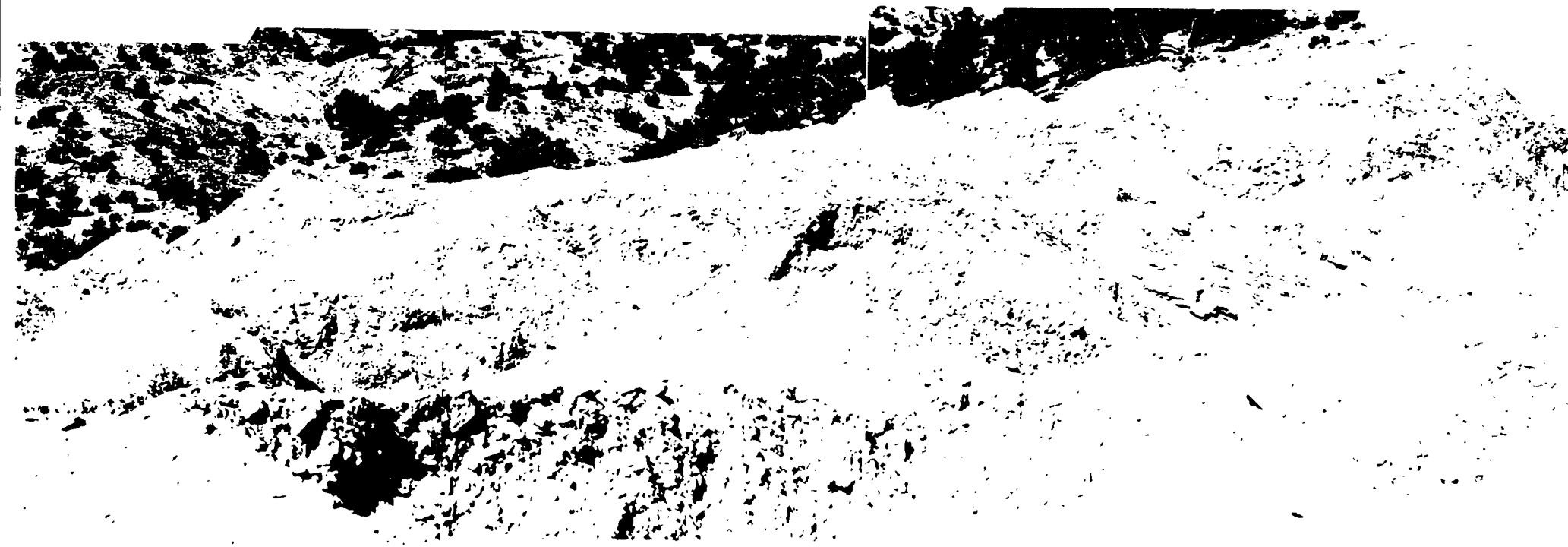


Photo # 5, Looking northwest onto the .96 acre mined area on ML 26068, from the south edge of the mined area. The Arrow shows the location of the 1.05 acre mined area on lease ML 42750 in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 2 which is under lease to Robert Drachuk.



Photo # 6, Looking north onto the .59 acres mined area, from the south end of the mined area, that falls on the northern boundary of ML 26068-A. The far highwall in this photograph lies in the NE $\frac{1}{4}$ SE $\frac{1}{4}$ which is under lease ML 26068 by Robert Harris.



Photo # 7, Looking east onto the east side of the large mined area operated by U-Dig on ML 26028-A. The shed in the center of the photograph is used as the office for the U-Dig operation. Note the disturbed area, shown as a dashed line, "horse shoes" around the undisturbed hill in the center of the photograph. The arrow shows the location of the excavation depicted in photo # 6.



Photo. # 8, Looking southwest from the southern most photo point on the central excavation of ML 26068 onto the southern excavation on ML 26069 in the foreground and the east side of the U-Dig operation, ML 26068-A, dashed line, in the background. The arrow shows the location of the graded area on ML 26068 which is depicted in Photo # 1.



Photo # 9, Looking south onto the U-Dig main excavation. The disturbed area of approximately 3.46 acres ins outlined with a dashed line.



Photo. # 10, Looking northwest from the south end of the recently created trench that encompasses .21 acres of disturbance on ML 42750.



Photo. # 11, Looking west from the center of the large excavation that lies partially on ML 26068 and ML 42750-A. This disturbance encompasses approximately .22 acres.

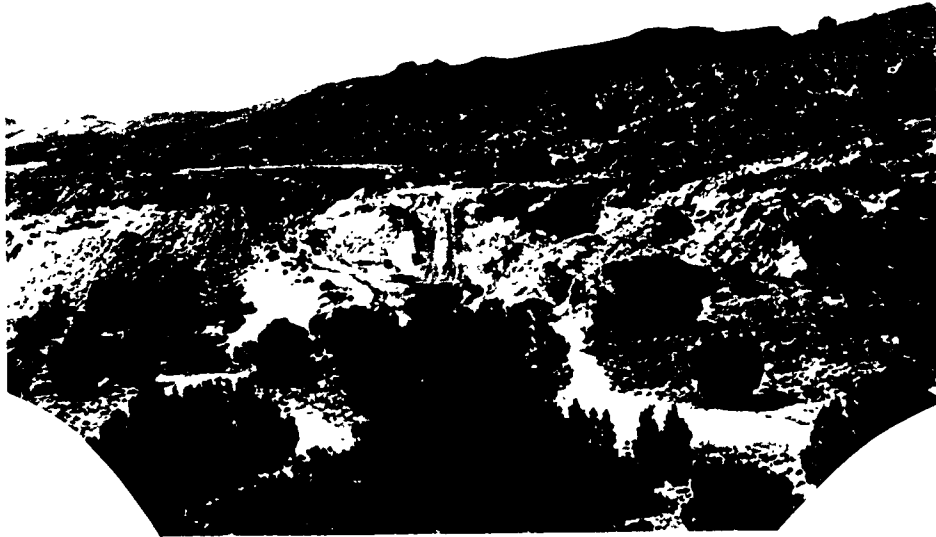


Photo. # 12, Looking southwest from the same photo point as in photo # 11 onto the large 1.05 acre disturbance in ML 42750.

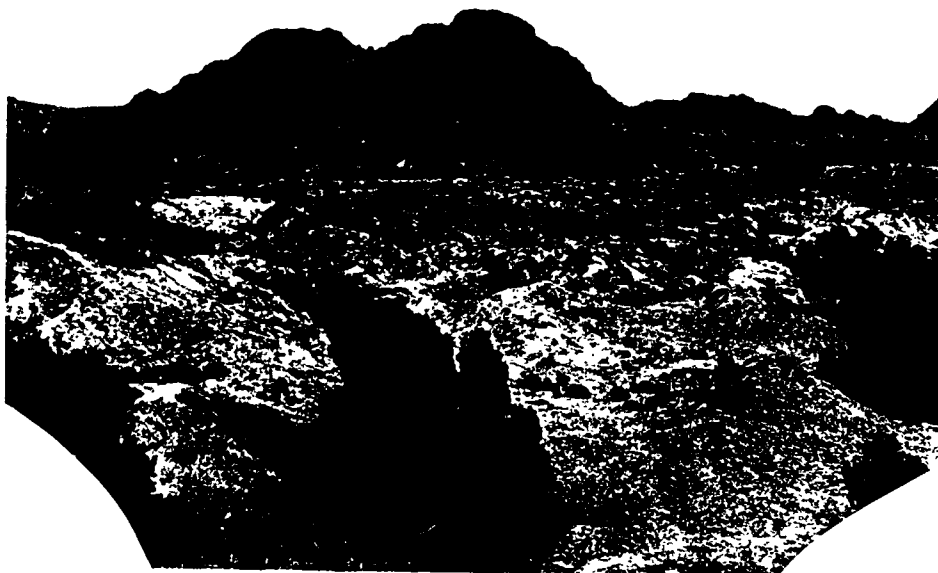


Photo. # 13, Look southeast onto the small disturbances on ML 47250 that were not surveyed with the GPS. These disturbances encompass approximately .25 acres and lie just southwest over the hill from the large 1.05 acre disturbance that is depicted in photos 12 and 14.

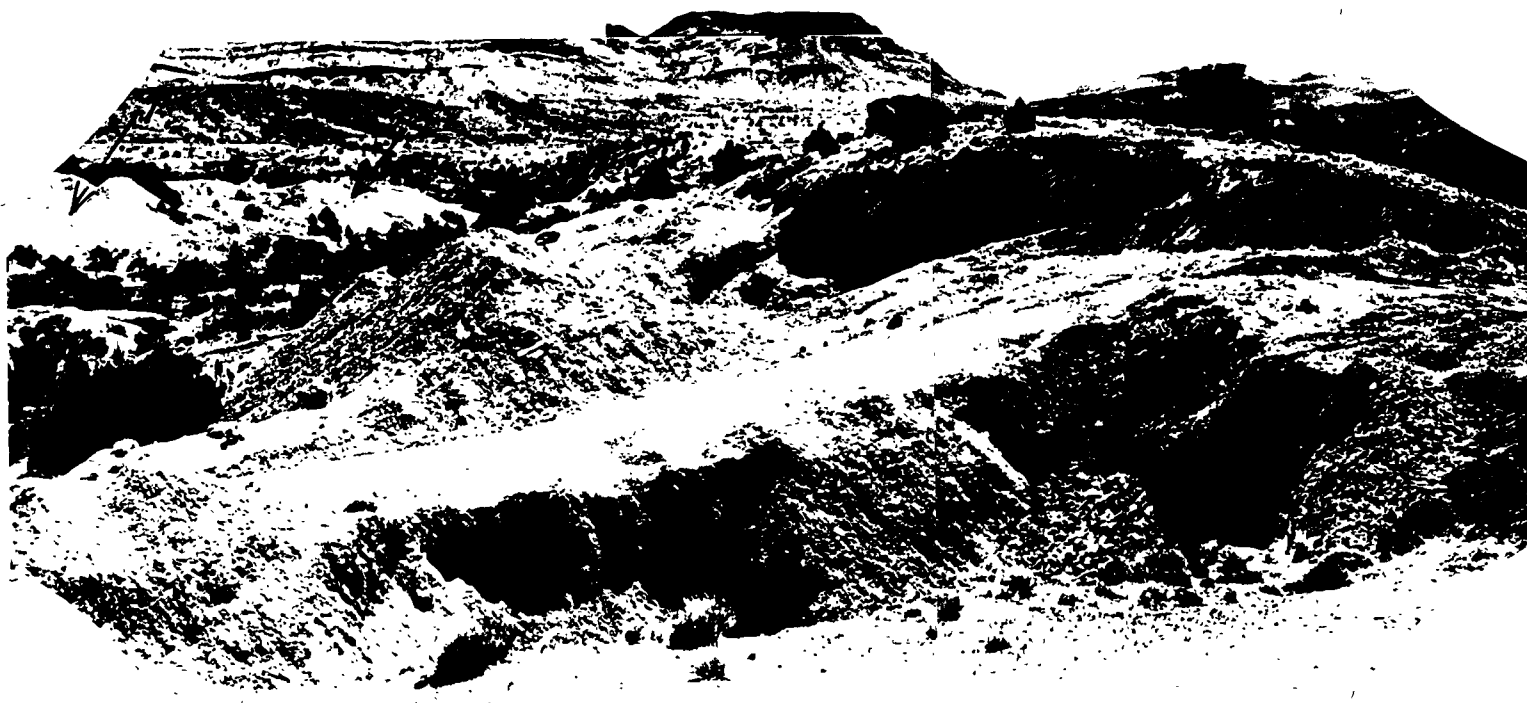


Photo. # 14, Looking south onto the large 1.05 acre on ML 42750. Note the main access road passes through the center of this disturbed area. Arrow # 1 shows the location of the .96 acre disturbance in the center of ML 26068. Arrow # 2 shown the location of the 1.33 acre disturbance on the southern end of ML 26068.



Photo. # 15, Looking east onto the main excavation area on ML 42750-A. The dashed line approximates the location of the boundary line between ML 42750-A and ML 26028. The arrow shows the photo point, at the top of the highest waste pile, from where photos 11, 12 and 17 were taken.



Photo. # 16, Looking south from the north end of the main excavation on ML 42750-A onto the northern half the excavation that falls within the boundaries of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ (ML 42750-A). The arrow shows the location of the photo point from where photos 11, 12 and 17 were taken. The southern half of this excavation, which is obscured by the waste piles, falls on lease ML 26068.

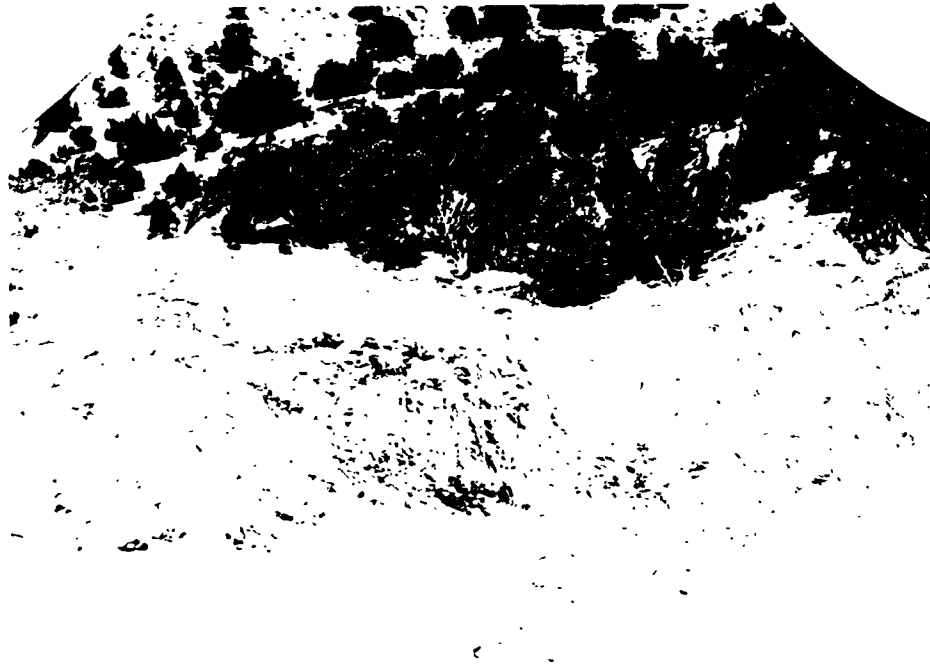


Photo. # 17, Looking north from the center of the main excavation on ML 42750-A onto the northern half of the disturbance that lies within the boundaries of the SE $\frac{1}{4}$ NE $\frac{1}{4}$ (ML 42750-A) of Section 2. Arrow # 1 shows the location of the southern end of the northern trench, as shown in photo # 10, which lies within the boundaries of SW $\frac{1}{4}$ NE $\frac{1}{4}$ (ML-42750) of Section 2. Arrow # 2 shows the location of where photo # 16 was taken.



Photo # 18, Looking northeast, from the main dirt road that runs north/south through the center of Section 2, onto the excavation on ML 43395 (NE $\frac{1}{4}$ NW $\frac{1}{4}$). The dashed line shows the extent of the excavation. The arrow shows the access road to the excavation.

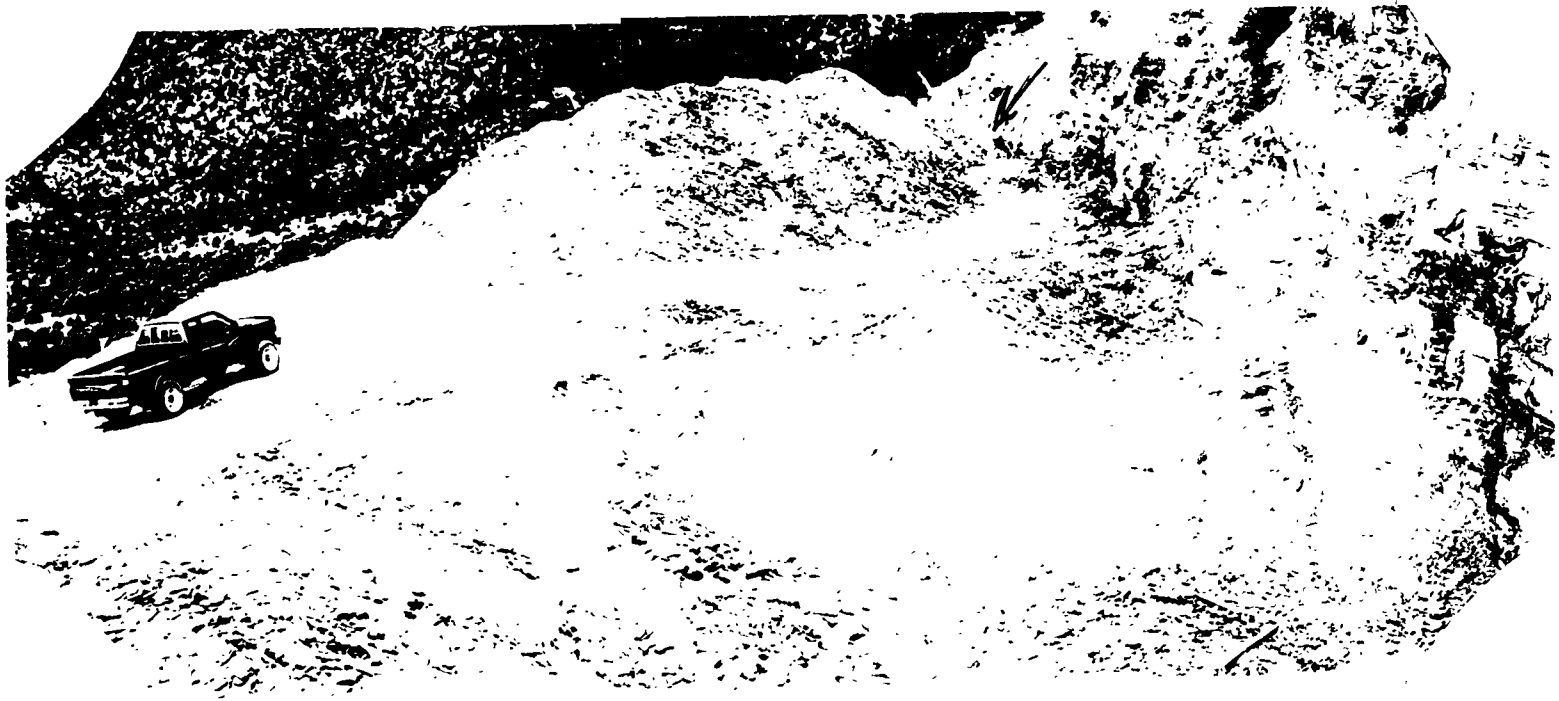


Photo # 19, Looking north onto the northern half of the excavation on ML 43395 from the northern boundary of the graded area near the center of the disturbed lands. The arrow shows the location of active mining



Photo. # 20, Looking north onto the graded area on ML 43395, from the southern end of the disturbed lands. Note that there is no vegetative cover. The arrow shows the location from where photo # 19 was taken.



Photo. # 21, Looking east from the main access road, that traverses north/south through Section 2, onto the trench on ML 44287. This trench was not mapped with the GPS.